



Enterprise Reengineering Initiatives Update for *Commonwealth IT Solutions Committee*



Donald Jean

Director, Enterprise Solutions

April 18th, 2007



Office of the Secretary of Technology

The Enterprise Reengineering agenda consists of two phases

Phase One – Governor’s Agenda Initiatives (\$350K)

#Enterprise Resource Planning – modernizing Virginia’s disparate “back-office” functions; *Champion: Sec. Wagner**

#“Turbo-Vet” Portal – an “all-agency” case management vehicle that maximizes service enrollment and streamlines service delivery for veterans; *Champion: Sec. Marshall*

#Business “One-Stop” Portal – a central transaction hub for entrepreneurs to expedite new business formation and regulation; *Champion: Sec. Gottschalk*

#“Paperless Government” – a framework to convert paper records into an automated workflow; *Champion: Sec. Bryant*

#Electronic Health Records – a multi-channel investment to encourage private sector adoption of electronic records; maximize public sector investments for state agencies; and coordinate a “master patient index”; *Champion: Sec. Tavenner*

Phase Two – Agency Driven Initiatives (\$3MM)

1. **Create *Productivity Investment Fund***
Seed capital for catalyzing innovation within state government
2. **Establish *Enterprise Solutions* group**
Resources that will partner with Virginia agencies to identify , catalyze and implement innovative solutions which enable a simpler and more effective government for the benefit of the citizens of the Commonwealth.
3. **Release Request for Information (RFI)**
Distribute an RFI to all agencies as well as other stakeholders in the public and private sector to submit project proposals for simplifying government. Proposals to be judged on:
 - Operations Impact (ROI)
 - Feasibility of Implementation
 - Fit with fund objectives



Office of the Secretary of Technology

Each of the Governor's Agenda initiatives are moving forward

VEAP

- Project Kicked-off 1/3/07
- Teams drafting Future State Documents
- JAD Sessions planned for April and May
- Software RFP scheduled to be released 3/8/07
- Recently hired permanent EA Director

Turbo-Vet

- Completed comprehensive review of DVS screening and interview process
- Defined target state of completing entire claims process in one session assuming all documents and vital statistics are available
- Identified need to invest additional time to develop more comprehensive claims process solution

Business One-Stop

- Completed evaluation of technology, financial model and approach for *Business One-Stop* initiatives in six states
- Held first steering committee meeting. First working group session scheduled for 3/8/07
- Completed detailed inventory of current processes and desired outcomes to narrow scope of the project
- Passage of Bill 3164 provides legislative momentum for this initiative

Content Mgmt

- ECM Software Request For Proposals Released - 2/2/07
- ECM Software Contract - 5/07
- Implementation Services Contract - 6/07
- DEQ to start ECM implementation - 8/07

Electronic Health Records

- Focused on mental health community through the Community Service Boards
- Designed to allow for collaborative approach as more agencies get ready for procurement
- Currently identifying the proper resource to aide the Commonwealth in developing its long term strategy



Office of the Secretary of Technology

The first iteration of the *Productivity Investment Fund* grant process will soon be completed

<u>Date</u>	<u>Action</u>
January 3 rd	<ul style="list-style-type: none">• Governor's Press Release announcing the creation of the fund
January 26 th	<ul style="list-style-type: none">• RFI and submission materials developed for the fund
February 5 th	<ul style="list-style-type: none">• Materials posted on <i>Enterprise Solutions</i> website
March 16 th	<ul style="list-style-type: none">• 17 total submissions received; 9 of which are eligible for funding
March 29 th	<ul style="list-style-type: none">• PIF Submission Review Team meets to assess proposals and recommend next steps
April 17 th	<ul style="list-style-type: none">• PIF Recommendation document sent to Enterprise Solutions Oversight Group members
May 1 st	<ul style="list-style-type: none">• ES Oversight Group meeting to review brief presentations on each proposal and to make final decisions



Office of the Secretary of Technology

In order to be endorsed for funding, a PIF proposal needs to address one or more of the following Commonwealth objectives . . .

- Reduce Operating Costs
- Improve the Constituent (Customer) Experience
- Advance key agency performance goals as published on the Virginia Performs website (www.vaperforms.virginia.gov)



Office of the Secretary of Technology

The PIF submission review team believes that 6 of the 9 submissions eligible for funding successfully meet this criteria

- 1. Department of Taxation:** Requests \$50K to convert the currently manual process of processing 3.5MM physical checks to a digital process by procuring and implementing “off the shelf” software. Depts. Of Taxation and Treasury forecast annual savings of \$34K for TAX and \$88K for Treasury.
- 2. Department of Motor Vehicles:** Requests \$200K to procure and implement an “off the shelf” Workforce Mgmt System to optimize the productivity of their Customer Service Center workforce. DMV forecasts annual savings of over \$800K (varies per year).
- 3. Virginia Department of the Aging:** Requests up to \$450K (depending on Federal matching grants) in conjunction with DMAS and DSS to significantly improve the process of applying for Medicaid services for elderly and disabled adults through process reengineering and digital technology. In the current proposal, the productivity gains described are “soft” (e.g., project significantly reduces workload of Medicaid eligibility workers, but doesn’t formally commit to reduction in workers.) That said, this project successfully meets the customer experience and agency metrics components of the fund objectives. Our hope is that these agencies will eventually commit to and deliver annual cost savings from a successful implementation of this initiative as well.



Office of the Secretary of Technology

Each of the 6 endorsed proposals successfully meet this criteria (continued)

- 4. Department of Mines, Minerals & Energy 1:** Requests \$50K to expand electronic permitting capabilities with multi-year renewal option. New functionality will reduce end-to-end renewal process from 90 days to less than two weeks. While the productivity gains described are “soft” (e.g., reduction in operator hours needed but no formal reduction in headcount), this project successfully meets the customer experience fund objective.
- 5. Department of Mines, Minerals & Energy 2:** Requests \$106K to enhance field level, laptop based Geospatial data and digital mapping functionality. Enhanced functionality will reduce printing and plotting costs, enhance field staff capabilities and improve the constituent experience, and also provide state of the art GIS functionality which could be leveraged by other agencies. DMME forecasts direct annual savings of \$400K as well as additional benefits for the industry and other agencies.
- 6. Department of General Services:** Requests \$700K to procure and implement a postal pre-sort machine to enable state agencies across the Commonwealth to take advantage of significant postal discounts. Because the ROI of this initiative varies greatly based on agency participation*, The review team endorses funding this proposal on the condition that DGS first obtains the needed agency commitment to participate. DGS forecasts annual savings, net of surcharge, of \$2MM.

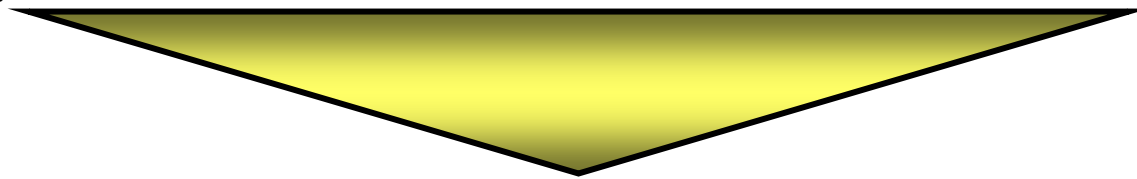
** DGS plans on withholding \$600K of savings as a surcharge to fund incremental operating costs*



Office of the Secretary of Technology

We believe the investment fund has excellent potential to be a useful ongoing tool for rewarding innovative agencies with limited additional funding

- Total returns from PIF initiatives will be small relative to Virginia's very large overall budget
- That said, the financial returns to the Commonwealth on a per investment dollar basis should be quite compelling as long as agencies are reasonably successful in delivering what they have forecasted in their proposals.
- Additionally, these initiatives should significantly improve the customer experience for multiple key citizen/stakeholder segments.
- Managing the fund process has not been overly burdensome, and should become easier with future iterations.
- Ideally, the size and frequency of future investment fund grants will be driven by the success of previously funded initiatives.



If we establish a strong track record of identifying, funding, and ultimately implementing high value add initiatives, we can hopefully make the case for a larger and thus higher impact investment fund pool in the future.



Office of the Secretary of Technology

The PIF process has reinforced where several areas of opportunity exist within the Commonwealth

1. Accelerating Digital Government/Web-Enabled Services: While the state has made good progress in many areas, the opportunity exists to increase online adoption rates, digitize additional transaction processes, and design online experiences based on the needs of specific customer/citizen segments.
2. Designing Service Delivery based on the needs of specific customer/citizen segments: Similar to the Business One-Stop or Turbo-Vet cases for action, there appear to be multiple citizen segments where our 90+ agency structure leads to a sub-optimal customer experience when interacting with the state.
3. Developing Enterprise Services to manage common processes across multiple state agencies: The concept is to consolidate a set of “non-core” activities which are common across multiple agencies into an Enterprise group(s) which could yield economies of scale and scope while allowing agencies to focus more of their resources and attention on their core activities.
4. Identifying information-based strategies through decision analytics and data mining: While some agencies have made significant progress in managing and utilizing data, numerous opportunities remain to transform data into insights and then to use these insights to develop customized strategies for achieving key objectives.



Office of the Secretary of Technology

Moving forward, we will need to answer several key questions if we are to lead a successful Enterprise Reengineering program . . .

- Will senior leadership in Virginia identify an ambitious productivity goal and actively communicate it across the Commonwealth? If so, what will it be?
- How many projects should we seek to initiate? (e.g., go broad with a wide set of projects vs. go deep with a few big initiatives)
- Do we aggressively seek multi-agency initiatives despite their complexity, or are we better served to focus on agency-specific initiatives in the short run?
- What type of enterprise reengineering support resources do we need? (engage consultants on a project specific basis vs. hiring dedicated staff)
- Should we seek to create or utilize a “High Potential” Program which leverages talent within agencies? (Example: Aging Workforce Grant)